

MARKLEY GROUP

One Summer Street Enterprise Case Study

Case Study Summary for Law Firm Leasing Colocation Space at One Summer Street, Boston, MA 02111

Summary of relevant Law Firm Operations prior to Colocation:

As in most enterprise models, the law firm that is the focus of this study (identified as “Firm X” to maintain confidentiality) had an IT infrastructure that evolved ‘in-house’ over time. Firm X had several offices nationally and maintained multiple data centers within each building. Clearly Firm X recognized the need to manage the IT infrastructure. Space was dedicated to the needs of the IT group and staffing was commensurate with the requirements of the department.

Since the core competency of Firm X is legal services, planning for IT growth was left to the IT workgroup and this group was viewed as a cost center outside of the core business. Frequently funding requests were less than the budget requests submitted. This resulted in ‘work-arounds’ to provide the best possible service within the budget allocated.

Over time, the IT requirements continued to grow with the evolution of technology, however the supporting infrastructure did not grow at the same speed and the IT department continued to support Firm X while being funded below the required levels to maintain and grow the infrastructure. In one office alone, the IT floor space requirements had grown to 2,200 square feet. This included the server space, HVAC equipment necessary to cool the area, UPS power protection and other general supporting equipment that the IT group had integrated over time.

Issues Identified:

Firm X housed the IT data centers in Class A office space in the Boston area. Twice a year a scheduled building-wide power down occurred as part of routine maintenance. Firm X did not have a generator dedicated to support the data center and UPS systems simply allowed for the gentle shut down of servers. This resulted in servers that were inaccessible during the power shut downs. Frequently there were a percentage of servers that did not come back up and this resulted in extended IT costs to restore, repair or replace the off-line server equipment.

The current IT configuration became more critical when unscheduled commercial power failures occurred. This became a source of extreme frustration and cost on the legal side and a constant threat for the IT group.

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Solution Options:

Initially Firm X continued to look internally to solve their IT infrastructure problems. As they built their business case to invest in infrastructure, they began to realize the enormity of the task. It became apparent that at a minimum Firm X needed to be assured of uninterrupted power in its data centers. This required the purchase of a generator and quoted costs started at \$1M and escalated from there. Updated HVAC upgrades further contributed to escalating capital requirements. Additionally, these requirements were driving the need for expanding the facility. Preliminary discussions with the Firm's office tower landlord made it clear that obtaining permission and space for a generator and fuel storage was unlikely.

These realizations drove Firm X to explore an outsourced solution for their data equipment. Critical to Firm X was the ability to have the infrastructure in place and managed by an experienced landlord. This meant that all power, cooling and security infrastructure would no longer be a concern to Firm X. Additionally, Firm X wanted to make sure that there were multiple options for connectivity to their IT equipment through diverse carrier routes. This would allow Firm X to outsource all IT infrastructure and eliminate the need for a large capital investment to upgrade the existing facilities. Any new funds could be diverted to building a WAN/MAN network connecting all of Firm X's location to the server equipment.

Outsourced Decision:

The Firm X IT management team, worked with the Firm X real estate group and secured a deal with Markley One Summer Street. They found that this facility offered complete power failover options including redundant primary feeds, UPS back-up and generator back-up. One Summer Street offered extensive HVAC equipment that was not in the tenant space, but in the owner's space. This resulted in a greatly reduced square footage requirement. As a matter of fact Firm X transitioned from an in-house data center that was greater than 2200sf, to a collocation space of 250sf! These savings were directly related to the elimination of the infrastructure required to maintain power and cooling. One Summer Street also is a physical home to over 35 telecommunications and data carriers, allowing easy access to any of the extensive networks. This solved Firm X's diversity requirements and resulted in savings close to 90% in transport costs. (Firm X utilized a local dark fiber provider and was able to avoid the more expensive lit fiber options).

Furthermore, Firm X realized that the opportunity costs associated with in-house data centers, resulted in space primarily dedicated to a cost center. By outsourcing this requirement, the newly available space can be converted to revenue generating space, thereby further minimizing costs to the company.

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The following is an attempt to mathematically represent the costs:

Internal Data Center Expense Costs

- (\$ Square foot) x (# of Square Feet required for entire data center)
- (\$ Utility costs per sf) x (sf of data center space)
- (\$ Cost mb for connectivity) x (\$ mbp) (if carrier connectivity is required)
- \$ cost for annual maintenance of primary and back-up power systems
- \$ cost for annual maintenance of HVAC systems

Data Center Capital Costs

- (\$ for Upgrade of Power systems (Primary, UPS & Generator))/depreciation period
- \$ for fuel contracts to support generator
- \$ to lease additional space to house generator and fuel storage
- \$ to build out fuel storage to support generator
- \$ permits necessary for fuel storage
- \$ for Upgrade of HVAC systems/depreciation period
- \$ build out for additional data center space square foot to accommodate upgrades and growth

Operational Costs

- \$ for IT labor associated with scheduled and unscheduled power failure
- \$ for server restoration, repair or replacement associated with failures
- \$ for lost revenue opportunities associated with any data center down time
- \$ for lost data associated with any downtime.

Opportunity Costs

- \$ Revenue that could be generated if data center space could be converted to revenue generating space (\$ of revenue per sf x available sf)
- Reallocation of capital dollars from IT infrastructure to core business (revenue/\$capital = ROI on capital)

Additional Benefits of Collocation at One Summer Street

- Full suite of managed services to support growth, and temporary force requirements.
- Ability to remotely monitor critical equipment.
- Option to lease 'Hot Seats' to meet disaster recovery plans
- 24x365 access to a secure, failsafe facility
- All infrastructure is redundant and underground fed

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Conclusion:

Firm X realized that the business case was decisive and economically sound. The decision was made to vacate in house data centers, and Firm X has taken collocation space at One Summer Street in Boston.

One Summer Street offered all of the required infrastructure services including primary and back-up power including UPS and generator, permitted fuel storage with on site fuel capacity sufficient enough to support collocation site for weeks without commercial power, fuel contracts that support delivery projecting unlimited capability of off-line power and building history that supports that the building has never been without power.

The economic and physical projections have all exceeded expectations and the data center has been running without interruption. The firm was able to lease reduced floor space and no longer has to worry about capital investment for infrastructure specific to a data center. All of these costs have been absorbed by One Summer Street and all of the maintenance and testing of the infrastructure is performed and maintained by the building. Firm X now has a lease for the space that it requires for the data center and the cost of the infrastructure is absorbed by the building as a cost of doing business.

Firm X has become one of the leading proponents of this model and will provide references as needed with the execution of the appropriate confidentiality documents.